

**Directive No. 32**

**MORTGAGE DISABILITY INSURANCE**

October 16, 1975

*Effective November 1, 1975*

Over the past year this department has noticed more frequent abuses on the part of insurers or their agents in the solicitation of mortgage disability policies involving credit life and/or credit accident and health coverage.

For the most part, mortgagors are led to believe that coverage once obtained, will be in effect for the life of the mortgage loan, or until the mortgagor reaches age 65. Neither of these assumptions is correct.

Any solicitation by any agent representing your company is subject to the rules governing advertisements of accident and sickness insurance. Henceforth, this department will hold you responsible for any written material used by mortgage lenders who are appointed to represent your company. Such agents are subject to having their license revoked for using deceptive and misleading sales practices.

Effective November 14, 1975, all policies and certificates of insurance covering death and disability of a mortgagor issued for delivery in Louisiana, or issued in this state, shall have printed on the first page thereof, in bold type, the following or something substantially similar:

**NOTICE**

**"THIS POLICY MAY BE TERMINATED ON ANY RENEWAL DATE. COVERAGE HEREUNDER IS NOT GUARANTEED FOR THE REMAINING TERM OF YOUR MORTGAGE OR UNTIL YOU REACH AGE 65."**

The failure of any company to comply with this directive will be grounds for revocation of any approval previously given to such

**LOUISIANA INSURANCE REGULATIONS**

policy in Louisiana on the grounds that its sale has been by deceptive and misleading solicitation.

**Sherman A. Bernard**  
**COMMISSIONER OF INSURANCE**